



*Established*

*1996*

## SPRINGFIELD WATER AND SEWER COMMISSION

POST OFFICE BOX 995  
SPRINGFIELD, MASSACHUSETTS 01101-0995  
413-452-1300

### Minutes of Meeting

April 18, 2024

The Springfield Water and Sewer Commission held a public meeting on April 18, 2024, in accordance with Chapter 2 of the Acts of 2023.

Chairwoman Otero called the meeting to order at 1:36 PM. and announced the Commissioners that are participating. Secretary for the Commission Jaimye Bartak called the attendance roll:

Daniel Rodriguez, Present  
Vanessa Otero, Present  
Matthew Donnellan, Present

Also Present  
Joshua Schimmel, Executive Director  
Norm Guz, Commission Counsel  
Anthony Basile, Comptroller  
Domenic Pellegrino, Director of Finance  
Theo Theocles, Director of Legal Services  
Steve Fredrick, Director of Wastewater Operations  
Raemarie Walker, Deputy Director of Finance  
Jaimye Bartak, Communications Manager/Secretary for the Commission

Also Participating Remotely  
David Hyder, Stantec  
Darleen Buttrick, Director of Engineering  
Jim Laurila, Director of Water Operations  
Ashley Demarey, Field Services Manager  
Jennifer Boulais, Director of Human Resources  
Kimberly Clemons, Executive Administrative Assistant  
Kristin Monfette, Safety Manager  
Mike Olkin, Deputy Director of IT  
Kim Clemons, Executive Administrative Assistant  
Sara Tetrault, Payroll Manager  
Nicole Boland, Collections Manager  
Katie Shea, Educational Outreach Manager

### **Business Matters**

1. Approve the minutes of the meeting held on March 13, 2024, without reading, because copies were furnished to each member of the Commission for their review.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to approve minutes of the meeting held on  
March 13, 2024.

**New Business**

2. Financial Update: Report by Comptroller.

Comptroller Anthony Basile reported an ending cash balance of \$128,404,745, representing a \$1.1 million positive cash flow cumulatively through March.

There was \$105 million in total revenues billed, which represents a \$637 million shortfall from projections. This is due to declining water consumption. Interest income has lessened this revenue shortfall.

The operating budget is projected to be 98% spent, with a balance of \$1.5 million in unexpended funds at the end of the year. There have been \$91.9 million in total expenses for the year to date.

There has been \$55 million in capital spending this fiscal year. Most of the capital spending is related to the new Backwash Facility, the Locust Transfer Project, the new water treatment plant, and the ICIs at the wastewater plant. It is projected that \$84 million will be spent by the end of the fiscal year. There is \$400 million in unexpended appropriations on the books.

There was \$33.7 million (26%) in unrestricted cash, which is used as working capital. The remaining 74% of cash is restricted for reserve requirements, in line with the Commission's financial policies.

There was \$7.7 million in total receivables, with \$2.2 million over 60 days old.

There was \$990 million in total assets, and \$716 million in liabilities, mostly long-term debt and OPEB obligations.

3. Consideration of O&M Amendment #2: Report by Comptroller.

Comptroller Anthony Basile reported a request for a transfer of \$327,000 to the personal service account for insurance premiums and property liabilities. Insurance pricing went up over 50% for the same coverage, which is an unusual increase but in line with the current market and with the experience of other utilities.

**UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY COMMISSIONER DONNELLAN**

**VOTED YES –**

**COMMISSIONER OTERO  
COMMISSIONER RODRIGUEZ  
COMMISSIONER DONNELLAN:**

to approve O&M Amendment #2.

4. Consideration of Utility Billing Credit Summary and Summary of Accounts Receivable for March 2024: Report by Director of Finance.

Director of Finance Domenic Pellegrino reported net billings of \$8 million, collections of \$7.8 million, for an accounts receivable balance of \$6.6 million.

There were 6,393 accounts over 60 days old, for a total of \$2.2 million.

There has been a significant increase in request for payment plans. There are a total of 332 active payment plans. Way Finders is also partnering to provide letters of commitment to prevent shutoffs.

There were 127 credits issued in the amount of \$21,066.11.

**UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY  
COMMISSIONER DONNELLAN**

**VOTED YES –**

**COMMISSIONER OTERO  
COMMISSIONER RODRIGUEZ  
COMMISSIONER DONNELLAN:**

to approve credits in the amount of \$21,066.11.

5. Consideration of CIP Amendment 2024-14: Report by Director of Finance.

Mr. Pellegrino reported \$1.5 million from distribution/collection project 12B-2023 to a 2025 water main replacement on Sumner Avenue in coordination with MassDOT due to an increase in project costs.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY  
COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to approve CIP Amendment 2024-14.

6. Consideration of CIP Amendment 2024-15: Report by Director of Finance.

Mr. Pellegrino reported on a CIP request to transfer appropriations and close CIP Project ID 005-0092 and 080-0021 in the amount of \$87,141.19 and \$184,500.00, respectively; and transfer those appropriations into CIP Project ID 090-1000 totaling \$271,641.19.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to approve CIP Amendment 2024-15.

7. Consideration of CIP Amendment 2024-16: Report by Director of Finance.

Mr. Pellegrino reported on a request to close out the Cobble Mountain Bypass Construction project, which has been completed. The remaining appropriations of \$2,205,629.45 will be decreased and re-assigned to the remaining CIP Projects funded by the WIFIA Loan.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to approve CIP Amendment 2024-16.

8. Consideration of DEP CSO Notification Grant: Report by Director of Wastewater Operations.

Director of Wastewater Operations Steve Frederick reported on a small grant awarded to the Commission by MassDEP for video monitoring of CSO structures.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to authorize the Executive Director to accept the grant in the form presented.

9. Consideration of Job Description for Comptroller: Report by Executive Director.

Executive Director Josh Schimmel reported that the current Comptroller has provided notice of his upcoming retirement in January 2025. The job description is being updated to reflect a restructuring of the department. The Comptroller is hired directly by the Board. The proposed strategy is to advertise for the position as soon as possible, and then bring the final candidates for an interview with the Board and Commission counsel. The goal is to provide time for overlap with the current Comptroller.

Commission counsel Norm Guz advised that the final interviews would be conducted in public session. Atty. Guz recommended that the interview panel include the Director of Finance, current Comptroller, Executive Director, and General Counsel.

Executive Director Josh Schimmel noted that if the initial search does not produce candidates, a recruiter would be used. The proposed number of candidates for the Board to interview is three. Commissioner Rodriguez asked if the Board members can be involved in the pre-screening process. Atty. Guz replied yes, but only one at a time to avoid a quorum. Commissioner Donnellan indicated that he was interested in being part of the pre-screening process.

Director of Human Resources Jennifer Boulais reported that the advertisement usually is posted for 2-3 weeks. Mr. Schimmel recommended that interviews take place in June after advertising in May.

Commissioner Otero requested an to be provided with a copy of all the applicants submissions for the position.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER DONNELLAN**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to approve the Comptroller job description, timeline, and process as presented.

**10. Update on Parks Water Use and Billing: Report by Executive Director.**

Mr. Schimmel reported on efforts to identify City Parks Department accounts for billing or metering. The effort started with an audit to identify sources of unaccounted-for water, which is tracked by MassDEP. Commission staff met with Parks staff to communicate the upcoming changes well in advance to provide time for the City to budget. Installation of the meters is ongoing. Billing will start in July.

Atty. Guz reported that staff spent a good amount of time going over the accounts, answering questions, and explaining how the City can save money through operations. The City will be billed \$600,000 - \$900,000 for water use. Atty. Guz also commended the former City solicitor for their assistance.

Commissioner Otero asked about the water-saving measures that were discussed with the City. Mr. Pellegrino responded water re-use, smart metering, weather data, and Power BI were identified as potential tools. If conservation tools are utilized, the City could substantially lower its bill.

**UPON MOTION DULY MADE BY COMMISSIONER DONNELLAN AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –**

**COMMISSIONER RODRIGUEZ  
COMMISSIONER OTERO  
COMMISSIONER DONNELLAN:**

to authorize the Commission to commence

billing the City of Springfield Parks Department related to all water and sewer charges starting in FY25.

11. Water and Sewer Updates: Report by the Executive Director.

Mr. Schimmel reported on supporting an application by PVPC for an MVP grant with other area drinking water utilities. The Commission would offer an in-kind match. If the grant award is received, it will come before the Board.

Educational Outreach Manager Katie Shea reported on renewing a partnership with MassAudubon that would bring three Springfield fifth-grade classes to Cobble Mountain Reservoir and Ludlow Reservoir. The schools are Doorman, Mary Lynch, Kensington Elementary Schools.

Mr. Schimmel reported that he and staff met with representatives from the Supplier Diversity Office to discuss outreach events to inform people about the process to obtain certified and non-certified WMBE/local apprenticeships. A venue for the events will be identified. Commissioner Otero requested that the Commission attend the events to present itself as an employer for workforce-ready attendees as well.

Item 14 was taken out of order.

**AT 2:18 PM UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY COMMISSIONER DONNELLAN**

**VOTED YES –  
COMMISSIONER DONNELLAN  
COMMISSIONER OTERO  
COMMISSIONER RODRIGUEZ:**

to enter into executive session to discuss the Draft Administrative Consent decree. It was determined that public session would have a detrimental effect on the Commission's position in negotiation of the ACO. It was announced that the Commission will come back into public session in approximately 15 minutes.

Public session resumed at 2:33 PM.

**UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY COMMISSIONER RODRIGUEZ**

**VOTED YES –  
COMMISSIONER DONNELLAN  
COMMISSIONER OTERO  
COMMISSIONER RODRIGUEZ:**

to execute the ACO issued by MassDEP on April 10, 2024 in the form presented.

12. Discussion of Draft FY25 Budget.

Mr. Schimmel reported on a summary of the budget and process. This is scheduled to be released by the end of April.

Mr. Schimmel reported that three different scenarios were considered when setting the budget, with considerations of different types of debt for the water treatment plant. Mr. Schimmel explained that it is important that the debt service coverage ratio remain in accordance with the Commission's financial policies. Mr. Basile added that rating agencies are also looking for five months of cash-on-hand.

Mr. Schimmel continued about the key drivers of the rate. Work in the capital plan is driven by regulatory requirements (such as the new water treatment plant and CSOs), as well as aging/failing infrastructure.

Mr. Pellegrino reported that water consumption is consistently trending downward. FY24 has had 4% lower consumption than was budgeted. The FY25 budget is being planned with an additional 1.5% lower consumption, but results are weather-dependent. Power generation and dam projects are also influencing the long-term capital budget.

Mr. Schimmel explained that the dams and biosolids represent the last large components of the capital plan, looking 10-20 years out. This causes the capital plan to increase from \$712 million to \$1 billion from now to 2041. These projects do not impact today's budget but help identify what future spending will look like.

Mr. Schimmel reported that the SRF is currently willing to lend the entire non-WIFIA cost of the water treatment plant, but this requires two years with a debt-service-ratio under 1.5. The financial policies do not allow for three such years. Commissioner Rodriguez asked why. Mr. Basile responded that it would impact the Commission's rating. Atty. Guz added that if debt-service-ratios are 140% or below an independent engineer would have to evaluate each project in order to issue debt, or if they fall to 125%, the Commission would not be able to issue debt altogether.

Mr. Schimmel reported that future rate increases are still in the 6 to 7% range, but carry on for an increased number of years. Cash-on-hand is also less than 5 months. The goal is always stable and moderate rate increases. Atty. Guz noted the debt service coverages of the past few years: 198.1 (2023), 179.0 (2022), 205.6 (2020), 178.2 (2019). Commissioner Rodriguez commended financial staff for meeting the Commission's financial goals.

Dave Hyder of Stantec noted that a utility spending 97-98% of its operating budget is very effective and uncommon. Other utilities typically spend 80% to 90%. As more debt accumulates, more revenue is needed for debt service coverage. The model tends to be more conservative to reflect potential increased costs. Commissioner Rodriguez requested a model run of a 6.3% increase. Mr. Hyder responded that a cursory look at 6.3% indicates that the FY25 impact would be that the debt service coverage ratio would drop to 1.54 from 1.55, and there would be less in operating fund cash. Mr. Hyder indicated he would like to look further at the potential impacts.

Mr. Pellegrino discussed the proposed revenue budget. Mr. Pellegrino explained that projected revenues are based on historical 3-year averages. As municipal bonds matured, there has been more investment in short-term treasuries, and bank interest rates have risen. Mr. Basile added that grant revenue is generally not appropriated as it is not certain when such funds will be received.

Mr. Pellegrino continued that the meter fee is proposed to increase by \$.57. It was last updated in 2023 to \$2.85/month, but there is a projected revenue deficit of \$234,000 for meter operations at this rate. This still runs below the rate of inflation; if the meter rate was tied to the Consumer Price Index (CPI) for inflation, it would be over \$4.

Mr. Pellegrino continued that regional water contracts share about 23-25% of supply and transmission costs each year. Due to the new water plant, the apportioning of regional water costs is estimated at \$29 million, or \$7 million in revenue. The wastewater regional contracts typically apportion 42-46% of costs to partners. In FY25 regional wastewater costs are apportioned at \$22.6 million, which represents \$9.9 million in revenue. True-ups are based on debt service coverage, and the share of cost is proportional to usage.

Mr. Pellegrino continued that FY25 consumption is estimated to be 4.9BG. Stated and effective rates take into account water abatements, as well as discount and customer assistance programs. The water rate increase will be 8.5%, from \$4.75 to \$5.15.

Mr. Basile reported that the proposed O&M budget of \$99,017,543 is an 8% increase, or \$5.5 million. The drivers of the budget include a personal budget increase of \$1.9 million, due to two union negotiations and COLA; \$38 million in financing resulting in increased debt service cost; increases in health and property/liability insurance; an increase of \$940,000 in pension costs; and wastewater contract increases based on the CPI. Electrical and propane costs are expected to decrease, as well as some capital outlays. Paving costs are being moved to the capital budget.

Mr. Basile presented the original and amended personal service budget. Commissioner Rodriguez questioned the personal service budget seemed based on attrition rates. Mr. Basile responded that the current year's turnover rate is -10, and meeting the budget relies on the timing of vacancies.

Mr. Pellegrino reported that the capital program includes \$12-14 million/year in ongoing maintenance of infrastructure.

Mr. Schimmel reported on the proposed changes to the Rules and Regulations. The first change would eliminate the sale of hydrant meters so usage is not registered when the hydrants are used in other communities, and so staff know when and where hydrants are being used in Springfield and Ludlow. Meter testing procedures are also being simplified and referred to AWWA standards. Another change is the elimination of new auxiliary meters for border accounts where they receive water from another community.

Director of Engineering Darleen Buttrick reported that the water treatment plant is out to bid. The sub-contractor bids are scheduled to be opened April 30, and the general contractor bid is scheduled to be opened on June 4. The completion of final outstanding items for the Backwash Facility will be in June. Maintenance on Provin tanks 3 & 4 is anticipated to begin later in the summer. Pre-construction meetings are being held for the Bernie Avenue water main replacement. The conceptual design for the hydrostation upgrade project is under peer review.

13. Consideration and/or action on any other matters that may come before the Commission at this meeting.

None considered.

### **Executive Session**

14. Discussion of Draft DEP Consent Decree for DBPs.

Item taken out of order following item 11. Discussed in Executive Session.



Unanimously adjourned at 3:44 PM.

Submitted By:

A handwritten signature in black ink, appearing to read "JBartak", written in a cursive style.

Jaimye Bartak, Secretary

Exhibits Considered:

March 13, 2024 Meeting Minutes  
Monthly Financial Report  
2024 March Finance Director Report  
Contracts Signed by Josh Schimmel  
Cobble Reservoir Capacity Levels  
Draft Comptroller Job Description  
CIP Amendment 2024-14  
CIP Amendment 2024-15  
CIP Amendment 2024-16  
Public Communications and Educational Outreach Report March 2024  
Draft FY25 Budget documents  
Final Draft ACO (executive session)